

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2019-1-E - ORDER NO. 2019-452
JUNE 28, 2019

IN RE:)	ORDER APPROVING AND
)	ADOPTING ADJUSTMENT IN
Annual Review of Base Rates for Fuel)	FUEL COST RECOVERY
Costs of Duke Energy Progress, LLC)	FACTORS AND ADOPTING
)	STIPULATION
)	

I. INTRODUCTION

This matter comes before the Public Service Commission of South Carolina (“Commission”) on the annual review of base rates for fuel costs of Duke Energy Progress, LLC (“DEP” or “Company”). The procedure followed by the Commission is set forth in S.C. Code Ann. § 58-27-865 (2015), which provides for annual hearings to allow the Commission and all interested parties to review the prudence of the fuel purchasing practices and policies of an electrical utility and for the Commission to determine if any adjustment in a utility’s fuel cost recovery mechanism is necessary and reasonable. Additionally, and pursuant to S.C. Code Ann. § 58-39-140 (2015), the Commission must determine in this proceeding whether an increase or decrease should be granted in the fuel cost component designed to recover the incremental or avoided costs incurred by the Company to implement the Distributed Energy Resource Program (“DERP”) previously approved by the Commission.

A. Notice and Intervention

By letter dated December 6, 2018, the Clerk's Office of the Commission instructed the Company to publish a Notice of Hearing and Pre-file Testimony Deadlines ("Notice") in newspapers of general circulation and provide Proof of Publication on or before March 22, 2019. The letter also instructed the Company to furnish the Notice to each affected customer and provide a certification to the Commission on or before March 22, 2019, that notification has been furnished. The Notice indicated the nature of the proceeding and advised all interested parties desiring participation in the scheduled proceeding of the manner and time in which to file appropriate pleadings. On February 20, 2019, the Company filed with the Commission affidavits demonstrating that the Notice was duly published, and on March 6, 2019, the Company filed with the Commission a letter certifying that a copy of the Notice was furnished to the Company's retail customers in South Carolina in accordance with the instructions set forth in the Clerk's Office letters starting February 1, 2019 and completed on February, 28, 2019.

Petitions to Intervene were received from Nucor Steel – South Carolina ("Nucor"), the South Carolina Coastal Conservation League ("CCL"), Southern Alliance for Clean Energy ("SACE"), and the South Carolina Solar Business Alliance, LLC ("SBA"). The South Carolina Office of Regulatory Staff ("ORS") is automatically a party pursuant to S.C. Code Ann. § 58-4-10(B) (Supp. 2018).

There was no opposition to any of the Petitions to Intervene and the Commission issued Orders granting each Petition to Intervene.¹

¹ See Order No. 2019-268, granting the Petition to Intervene filed on behalf of SBA; See Order No. 2019-267, granting the Petition to Intervene filed on behalf of CCL and SACE; See Order No. 2019-266, granting the Petition to Intervene filed on behalf of Nucor.

B. The Stipulation

On June 3, 2019, after the pre-filing of direct testimony by the parties, and after all parties had been afforded a full opportunity to conduct discovery in this matter, ORS filed with the Commission a Stipulation (“Stipulation”) executed by DEP, ORS, and Nucor (collectively, referred to as the “Stipulating Parties” or sometimes individually as a “Stipulating Party”). In the Stipulation, the Stipulating Parties represented to the Commission that they had discussed the issues presented in this case and determined that each Stipulating Party’s interests and the public interest would be best served by resolving all Stipulating Parties’ issues pending in this case in accordance with the terms and conditions contained in the Stipulation. The Stipulation is attached hereto as Order Exhibit 1 and is incorporated in and made part of this Order. The terms of the Stipulation are summarized as follows:

- a) The Stipulating Parties agree that, without prejudice to the position of any Party in future proceedings, the Stipulating Parties accept all recommendations and adjustments in the testimony and exhibits of ORS witnesses.
- b) The testimony supported the terms of the Stipulation regarding the appropriate fuel factors for DEP to charge for the period beginning with service rendered in July 2019 and extending through service rendered in June 2020,² which are listed in the following table below:

² The Parties agree that the fuel factors will be adjusted for billing purposes to include gross receipt tax and regulatory fees.

Class of Service	Base Fuel Component (¢/kWh)	Environmental Component (¢/kWh)	Capacity Related Component (¢/kWh)	DERP Avoided Cost Component (¢/kWh)	Combined Total Projected Fuel Factor (¢/kWh)
Residential ³	2.090	0.075	0.697	0.003	2.865
General Service (non-demand)	2.075	0.057	0.522	0.003	2.657
General Service (demand)	2.075	⁴	⁵	⁶	2.075
Lighting	2.075	0.000	0.000	0.000	2.075

- c) The Stipulating Parties agree for purposes of Stipulation and without prejudice to the position of any Party in any future proceeding that the 2019 component values for the Net Energy Metering (“NEM”) Distributed Energy Resource, as shown in Table 1 in the testimony of DEP witness Snider and listed below comply with the NEM methodology approved by the Commission in Order No. 2015-194 and satisfy the requirements of S.C. Code Ann. § 58-40-10, *et seq.*

³ The Residential Base Fuel Factor includes the Residential Energy Conservation Discount, Rider RECD-2C, adjustment factor of 0.7268%.

⁴ The Proposed General Service (demand) Environmental Component is 10 cents per kW.

⁵ The Proposed General Service (demand) Capacity Related Component is 92 cents per kW.

⁶ The Proposed General Service (demand) DERP Avoided Cost Component is 0 cents per kW.

Components of NEM Distributed Energy Resource Value	Component value (\$/kWh) Residential PV⁷	Component value (\$/kWh) SGS PV¹	Component value (\$/kWh) Large PV¹
Avoided Energy Cost	\$0.036187	\$0.036176	\$0.036184
Avoided Capacity Cost	\$0.013408	\$0.013407	\$0.013322
Ancillary Services	\$0.000000	\$0.000000	\$0.000000
T&D Capacity	\$0.000000	\$0.000000	\$0.000000
Avoided Criteria Pollutants ⁸	\$0.000024	\$0.000026	\$0.000024
Avoided CO2 Emissions Cost	\$0.000000	\$0.000000	\$0.000000
Fuel Hedge ⁹	\$0.000000	\$0.000000	\$0.000000
Utility Integration & Interconnection Cost	\$0.000000	\$0.000000	\$0.000000
Utility Administration Cost	\$0.000000	\$0.000000	\$0.000000
Environmental Costs	\$0.000000	\$0.000000	\$0.000000
Subtotal	\$0.049619	\$0.049609	\$0.049530
Line Losses ¹⁰	\$0.000712	\$0.000715	\$0.000711
Total Value of NEM Distributed Energy	\$0.05033	\$0.05032	\$0.05024

- d) The Company’s revisions to the 2019 Renewable Net Metering Rider RNM tariff sheet, filed as Revised Martin Exhibit 1, are lawful, just and reasonable, and, if

⁷ “Residential PV” refers to a load shape reflecting generation installed by a residential customer. “SGS PV” refers to a load shape reflecting generation installed by a small commercial/industrial customer served under Small General Service Schedule SGS. “Large PV” refers to a load shape reflecting generation installed by a customer with higher consumption requirements and applies to all other nonresidential schedules. For the first time, the Company has separated the values for residential customers (“Residential PV”) and small commercial/industrial customers (“SGS PV”) as a result of available actual metered solar load profile data for the residential class. The Company continues to utilize third-party solar load profile data for non-residential customers.

⁸ Avoided Criteria Pollutants reflects NOx and SOx that have been separately identified from approved marginal energy costs.

⁹ Pursuant to the Settlement Agreement reached in DEP’s 2016 annual fuel proceeding (Docket No. 2016-3-E), the Company has calculated the hedge value and determined that no fuel hedge exists; therefore, the value is zero.

¹⁰ Line loss factors are 1.281% for on-peak marginal energy, 1.268% for off-peak marginal energy and 1.874% for marginal capacity per DEP’s updated 2018 line loss analysis based upon 2018 cost of service.

approved by the Commission, shall become effective for service rendered on or after July 1, 2019.

- e) The Stipulating Parties agree that the appropriate fixed charges per account, including Gross Receipts Tax and regulatory fees, to recover DERP incremental costs (“DERP Charge”) as set forth below are consistent with S.C. Code Ann. §§ 58-27-865, 58-39-140 and 58-39-150.

DERP Charge (\$/account)		
	Annual Charge	Monthly Charge
Residential	12.00	1.00
Commercial	24.33	2.03
Industrial	1,200.00	100.00

- f) The Stipulating Parties further agree that, except as noted below, any challenges to DEP’s historical fuel costs recovery for the period ending February 28, 2019, are not subject to further review; however, the projected fuel costs for periods beginning March 1, 2019, and thereafter, shall be open issues in future fuel cost proceedings held under the procedure and criteria established in S.C. Code Ann. § 58-27-865.
- g) With regard to plant outages not complete as of February 28, 2019, and plant outages where final reports (Company, contractor, government reports or otherwise) are not available, the Stipulating Parties agree that the Stipulating Parties retain the right to review the reasonableness of plant outage(s) and associated costs in the review period during which the outage is completed or when the report(s) become available.

h) DEP agrees that in an effort to keep ORS and DEP's customers informed of the (over)/under recovery balances related to fuel costs and of DEP's commercially reasonable efforts to forecast the expected fuel factor to be set at its next annual fuel proceeding, DEP will provide to ORS, and where applicable, its other customers the following information:

1. Copies of the monthly fuel recovery reports currently filed with the Commission and ORS¹¹; and,
2. Quarterly forecasts (during each of the three quarters in which there is no annual fuel proceeding but not in the quarter where DEP makes its annual fuel filing) of the expected fuel factor to be set at its next annual fuel proceeding based upon DEP's historical (over)/under recovery to date and DEP's forecast of prices for uranium, natural gas, coal, oil and other fuel required for generation of electricity. DEP agrees that it will put forth its best efforts to forecast the expected fuel factor to be set at its next annual proceeding. To the extent that the forecast data required hereunder is confidential, any party or customer that wants forecasted fuel data will have to sign a non-disclosure agreement to protect the data from public disclosure and to only disclose it to employees or agents with a need to be aware of this information.

¹¹ The Company agrees to break-out Schedule 4 of the monthly fuel recovery reports so that each component (base fuel, environmental, avoided capacity, and DER avoided costs) is reported separately.

- i) DEP agrees to continue to examine and make adjustments as necessary to its natural gas hedging program in light of the potentially reduced volatility in the domestic natural gas market. DEP also agrees to provide monthly natural gas hedging reports to ORS.
- j) Nothing contained in the Stipulation alters, amends, or changes the methodology established for determining the environmental factor for DEP's rate classes as set forth in Paragraphs 3(B) and (C) of the Settlement Agreement filed with and approved by the Commission in Docket No. 2007-1-E.

II. JURISDICTION OF THE COMMISSION

In accordance with S.C. Code Ann. § 58-27-140 (1) (2015), the Commission may, upon petition, "...ascertain and fix just and reasonable standards, classifications, regulations, practices or service to be furnished, imposed, observed, and followed by any or all electrical utilities." Further, S.C. Code Ann. § 58-27-865(B) (2015) states, in pertinent part, that "[u]pon conducting public hearings in accordance with law, the commission shall direct each company to place in effect in its base rate an amount designed to recover, during the succeeding twelve months, the fuel costs determined by the commission to be appropriate for that period, adjusted for the over-recovery or under-recovery from the preceding twelve-month period."

Consistent with the requirements of S.C. Code Ann. § 58-27-865(B), the Commission convened an evidentiary hearing to determine the reasonableness of the Company's proposed rates to recover fuel costs, the reasonableness of the Stipulation, and whether acceptance of the Stipulation is just, fair and in the public interest.

III. DISCUSSION OF THE HEARING

The public evidentiary hearing in this matter was held on June 6, 2019, before this Commission with the Honorable Comer H. “Randy” Randall presiding as Chairman. Representing the Parties and appearing before the Commission in this Docket were Rebecca J. Dulin, Esquire, Samuel J. Wellborn, Esquire, and Frank R. Ellerbe, III, Esquire, for the Company; Robert R. Smith, II, Esquire, for Nucor; William C. Cleveland, IV, Esquire for SACE/CCL; and Alexander W. Knowles, Esquire, and Andrew M. Bateman, Esquire, for ORS.¹² At the outset of the hearing, the ORS counsel presented the Stipulation, which was admitted into the record as Hearing Exhibit 1.

DEP and ORS presented witnesses regarding the Company’s base rates for fuel costs.

A. DEP Testimony

The Company presented the direct testimonies of Kelvin Henderson, Kevin Houston, Julie Turner, Dana Harrington, Brett Phipps and, Glen A. Snider, via three (3) panels.¹³ The pre-filed direct testimony, along with the supplemental testimony of DEP witness Harrington and the revised exhibits of DEP witnesses Phipps and Martin were accepted into the record without objection by the Stipulating Parties and the Company witnesses’ exhibits were marked as composite Hearing Exhibits 2 through 7 and were entered into the record of the case.¹⁴

¹² Richard L. Whitt requested to be excused from the hearing, and pursuant to Order No. 2019-69H, the Commission granted his request.

¹³ Prior to the hearing, and without objection from the Parties, the Commission granted DEP and ORS permission to utilize panels for the presentations of witnesses. DEP witnesses Phipps and Houston were presented in the first panel; witnesses Turner and Henderson were presented in the second panel; and witnesses Harrington and Snider were presented in the third panel. DEP witness Martin was excused from the hearing and his testimony was stipulated into the record. ORS witnesses Briseno, Hipp, and Seaman-Huynh also were presented via a panel.

¹⁴ Hearing Exhibit 2 consists of the two non-confidential Direct Testimony Exhibits 1 and 2 of DEP witness Houston; Hearing Exhibit 3 consists of the Direct Testimony Exhibits 1 and 2 and revised exhibit 2 of DEP witness Phipps; Hearing Exhibit 4 consists of Direct Testimony Exhibits 1 and 2 of DEP witness Henderson; Hearing Exhibit 5 consists of the confidential Direct Testimony exhibit 3 of DEP witness Henderson and was filed under seal; Hearing Exhibit 6 consists of the 14 Direct Testimony exhibits of DEP witness Harrington, which were updated with revised exhibits

Company witness Turner testified regarding DEP's fossil/hydro generation portfolio and changes made since the prior year's filing, changes expected in the near term, and the performance of DEP's fossil/hydro generation facilities during the period of March 1, 2018 through February 28, 2019 ("review period"). Witness Turner also provided information on significant Fossil/Hydro/Solar outages that occurred during the review period and provided information concerning environmental compliance efforts.

Company witness Henderson discussed the performance of Brunswick Nuclear Station, Shearon Harris Nuclear Station, and H.B. Robinson Nuclear Station during the review period.¹⁵ Witness Henderson reported to the Commission that DEP achieved a net nuclear capacity factor, excluding reasonable outage time, of 102.28% for the review period, which is above the 92.5% set forth in S.C. Code Ann. § 58-27-865.

Company witness Phipps testified regarding DEP's fossil fuel purchasing practices and costs for the period of March 1, 2018 through February 28, 2019, and described related changes forthcoming for the period July 1, 2019 through June 30, 2020 ("billing period").

Company witness Houston testified regarding the Company's nuclear fuel purchasing practices, provided costs for the review period, and described changes expected in the 2019-2020 billing period.

Company witness Snider provided testimony to support the Company's calculation of the components of the value of NEM DER.

filed on May 17, 2019; Hearing Exhibit 7 consists of the revised Direct Testimony exhibit of DEP witness Martin filed on May 31, 2019.

¹⁵ Pursuant to the Company's request, the Commission granted the Motion of DEP to treat specific material filed in the present proceeding as confidential. Specifically, in Commission Order No. 2019-340, the Commission Ordered that Exhibit 3 of DEP witness Henderson's testimony be treated as confidential.

Company witness Martin testified regarding DERP costs that are incorporated into the proposed fuel factors by witness Harrington. Witness Martin also provided information on the nature of the costs filed as well as any changes made to the DERP portfolio since the previous fuel proceeding.

Company witness Harrington's direct testimony addressed DEP's actual base fuel, capacity-related costs (including Public Utility Regulatory Policies Act of 1978 ("PURPA") capacity costs and natural gas transportation and storage costs), environmental, DERP avoided and DERP incremental cost data for the review period, the estimated base fuel, capacity-related costs, environmental, DERP avoided and DERP incremental cost data for the estimated period, and DEP's proposed fuel factors by customer class for the billing period. Company witness Harrington provided fourteen exhibits to support her testimony.

Company witness Harrington discussed the Company's approved DERP, associated costs and the DERP NEM Incentive. Witness Harrington testified that the Company seeks approval for DERP Incremental costs amounting to a per-account monthly charge of \$1.00, \$2.03 and \$100.00 for South Carolina residential, commercial, and industrial customers, respectively, including Gross Receipts Tax and regulatory fees. Company witness Harrington provided supplemental testimony to update the proposed fuel rates to reflect impacts resulting from the Commission's directive issued on May 8, 2019 in the DEP SC base rate case, Docket No. 2018-318-E. The Commission approved utilization of \$6 million of the unamortized SC DERP rebate balance to offset the excess deferred income tax balance to be returned to customers, and this amount was removed from the solar rebate amortization component of DERP incremental costs. In addition, the Commission revised the authorized return on equity to 9.5% effective June 1, 2019. This revision, as well as

reducing the unamortized solar rebate balance by \$6 million, is reflected in the solar rebate carrying charge component of DERP incremental costs as of that date.

Through stipulated testimony, witness Harrington also testified to the Stipulation reached by the Stipulating Parties. Company witness Harrington stated that the impact of the rates set forth in the Stipulation for an average residential customer using 1,000 kWh per month is a decrease of \$1.95, or 1.6%. Company witness Harrington stated that the approximate decreases anticipated in the average monthly bill of the remaining customer classes are as follows: 3.7% for General Service (demand) customers, 0.6% for General Service (non-demand) customers, and 1.1% for Lighting customers.

B. ORS Testimony

Following the presentation of the Company's witnesses, ORS presented the direct testimonies of Anthony D. Briseno, Dawn M. Hipp, and Michael L. Seaman-Huynh, via panel. The pre-filed direct testimony of all ORS witnesses was accepted into the record without objection by the Parties and the ORS witnesses' exhibits were marked as composite Hearing Exhibits 8 through 10 and were entered into the record of the case.

ORS witness Briseno presented direct testimony and ten exhibits, which demonstrated the results of ORS's examination of DEP's books and records pertaining to the Fuel Adjustment Clause operation for the actual period of March 2018 through February 2019.¹⁶ The estimated months of the review period, March 2019 through June 2019, were also reflected in witness Briseno's pre-filed testimony. In his pre-filed direct testimony, witness Briseno stated that based

¹⁶ Composite Hearing Exhibit 8 consists of the Direct Testimony Exhibits of Anthony D. Briseno (Exhibits 1-10).

on ORS's examination, ORS agrees with the following cumulative (over)/under-recovery balances as calculated by the Company:

- February 2019 base fuel cost under-recovery balance of \$13,424,397;
- February 2019 environmental cost component under-recovery of \$199,207;
- February 2019 capacity cost component under-recovery balance of \$574,929;
- February 2019 DERP incremental under-recovery balance of \$6,239;
- February 2019 DERP avoided cost under-recovery balance of \$19,288;
- June 2019 estimated base fuel cost under-recovery balance of \$8,404,772;
- June 2019 estimated environmental cost component under-recovery balance of \$586,199;
- June 2019 estimated capacity cost component under-recovery balance of \$1,230,359;
- June 2019 estimated DERP incremental cost under-recovery balance of \$154,634;
- June 2019 estimated DERP avoided cost under-recovery balance of \$19,122.

ORS witness Hipp presented direct testimony and one exhibit.¹⁷ Witness Hipp testified regarding the ORS's recommendations resulting from the examination of DEP's DERP expenses for the period of March 2018 through February 2019 ("Actual Period"), March 2019 through June 2019 ("Estimated Period"), and July 2019 through June 2020 ("Forecasted Period"). Specifically, witness Hipp testified regarding the Company's DERP avoided and incremental costs, the method by which the Company proposed to recover those costs, and the value of the NEM incentive. Additionally, witness Hipp addressed the Company's modification to the Renewable Net Metering Rider and the supplemental testimony filed by Company witness Harrington.

¹⁷ Hearing Exhibit 9 consists of the Direct Testimony Exhibit of Dawn M. Hipp (Exhibit 1).

ORS witness Seaman-Huynh presented direct testimony and ten exhibits.¹⁸ Witness Seaman-Huynh testified regarding the Company's fuel expenses and power plant operations. Additionally, witness Seaman-Huynh testified to ORS's examination of the Company's fossil and nuclear fuel procurement, fuel transportation, environmental compliance-related costs and purchases, nuclear, fossil and hydro generation performance, generation mix, plant dispatch, forecasting, resource planning, purchased power and the Company's policies and procedures.

No other party filed testimony in this Docket.

In summary, through the testimony and exhibits presented to the Commission in this proceeding, the Stipulating Parties represent that resolving all issues of the Stipulating Parties in this case in accordance with the terms and conditions contained in the Stipulation is just, fair, reasonable and in the public interest.

IV. FINDINGS OF FACT AND CONCLUSIONS OF LAW

Having heard the testimony of the witnesses and representations of counsel and after careful review of the Stipulation, the Commission finds that approval of the terms set out in the Stipulation is consistent with the standards for fuel review proceedings conducted pursuant to S.C. Code Ann. § 58-27-865, and is supported by the substantial evidence in the record. The Stipulation's terms allow recovery in a precise and prompt manner while assuring public confidence and minimizing abrupt changes in charges to customers. As such, approval of the Stipulation is in the public interest in this case. The Commission further finds that the Stipulation's terms provide stabilization to the fuel factors, minimize fluctuations for the near future, and do not

¹⁸ Composite Hearing Exhibit 10 consists of the Direct Testimony Exhibits of Michael L. Seaman-Huynh (Exhibits 1-10).

appear to inhibit economic development in South Carolina. Additionally, the Commission finds and concludes that the Stipulation affords the Parties the opportunity to review costs and operational data in succeeding fuel review proceedings conducted pursuant to S.C. Code Ann. § 58-27-865.

The Commission finds that the methodology for determining the environmental cost component of the fuel factors and the methodology for allocation and recovery of the avoided capacity component used by DEP in this proceeding are consistent with the statutory requirements of S.C. Code Ann. § 58-27-865 and are just and reasonable.

The Commission finds that the 2019 component values for the NEM Distributed Energy Resource, as shown in Table 1 in the testimony of DEP witness Snider, comply with the NEM methodology approved by the Commission in Order No. 2015-194 and satisfy the requirements of S.C. Code Ann. § 58-40-10 *et seq.*

The Commission finds that the revisions to the 2019 Renewable Net Metering Rider RNM tariff sheet reflected in Revised Martin Exhibit 1 are lawful, just and reasonable.

The DERP Charges as indicated in the Stipulation, are reasonable and comply with S.C. Code Ann. §§ 58-27-865, 58-39-140 and 58-39-150.

IT IS THEREFORE ORDERED THAT:

1. The fuel purchasing practices, plant operations, and fuel inventory management of DEP related to the historical fuel costs and revenues for the period ending February 28, 2019, are prudent.

2. The Stipulation is incorporated into this present Order by reference and attachment and is found to be a reasonable resolution of the issues in this case and to be in the public interest, and is hereby adopted and approved.

3. The methodologies used by the Company to calculate its avoided energy and capacity costs under PURPA for the review and billing period are reasonable and prudent.

4. The Company's revisions to the 2019 Renewable Net Metering Rider RNM tariff sheet, attached hereto as Order Exhibit 2, are lawful, just and reasonable, and shall become effective for service rendered from July 1, 2019 through June 30, 2020.

5. The Company's calculation and method of accounting for avoided and incremental costs for NEM during the Review Period were reasonable and prudent, and were consistent with the methodology approved in Commission Order 2015-194, and complied with S.C. Code Ann. § 58-40-10 *et seq.*

6. The 2019 component values for NEM Distributed Energy Resource comply with the NEM methodology approved by the Commission in Order No. 2015-194 and satisfy the requirements of S.C. Code Ann. § 58-40-10 *et seq.*

7. DEP shall set its Residential base fuel factor at 2.090 cents per kWh and General Service (non-demand and demand) and Lighting base fuel factors at 2.075 cents per kWh (not including applicable environmental, capacity-related, and DERP avoided cost components) effective for service rendered in July 2019 and continuing through service rendered in June 2020.¹⁹

¹⁹ The base fuel factors, environmental component billing factor, avoided capacity component, and DERP Charge include gross receipt tax and regulatory fees.

8. DEP shall set its environmental component billing factor at 0.075 cents per kWh for the Residential class, 0.057 cents per kWh for the General Service (non-demand) class, 10 cents per kW for the General Service (demand) class, and 0.000 cents per kWh for the Lighting class for service rendered in July 2019 and continuing through service rendered in June 2020.

9. DEP shall set its capacity-related component at 0.697 cents per kWh for the Residential class, 0.522 cents per kWh for the General Service (non-demand) class, and 92 cents per kW for the General Service (demand) class, and 0.000 cents per kWh for the Lighting class for service rendered in July 2019 and continuing through service rendered in June 2020.

10. DEP shall set its DERP avoided cost component at 0.003 cents per kWh for the Residential class, 0.003 cents per kWh for the General Service (non-demand) class, 0 cents per kW for the General Service (demand) class, and 0.000 cents per kWh for the Lighting class for service rendered in July 2019 and continuing through service rendered in June 2020.

11. DEP shall set its DERP Charge at \$1.00/month for the Residential class, \$2.03/month for the Commercial class, and \$100.00/month for the Industrial class, including Gross Receipts Tax and regulatory fees.

12. The Parties shall abide by the terms of the Stipulation.

13. DEP shall file the South Carolina Retail Adjustment for Fuel, Variable Environmental, and Avoided Capacity Costs Rider and all other retail Tariffs with the Commission and a copy with ORS within ten (10) days of receipt of this Order.

14. DEP shall comply with the notice requirements set forth in S.C. Code Ann. § 58-27-865.

15. DEP shall utilize the methodology for developing the environmental component billing factor for each rate class to recover “variable environmental costs” under S.C. Code Ann. § 58-27-865(A)(1) established by the Settlement Agreement in Docket No. 2007-1-E and approved in Order No. 2007-440. Pursuant to S.C. Code § 58-27-865(A)(1), the avoided capacity component of purchased power costs and other capacity costs that are permitted to be recovered through the fuel factor, are to be allocated and recovered from customers under a separate capacity component of the overall fuel factor based on the same method that is used by the utility to allocate and recover variable environmental costs.

16. DEP shall continue to file the monthly reports as previously required.

17. DEP shall continue to examine and make adjustments as necessary to its natural gas hedging program in light of the potentially reduced volatility in the domestic natural gas market. DEP shall also provide monthly natural gas hedging reports to ORS.

18. DEP shall, by rate class, account monthly to the Commission and ORS for the differences between the recovery of fuel costs through base rates and the actual fuel costs experienced by booking the difference to unbilled revenues with a corresponding deferred debit or credit.

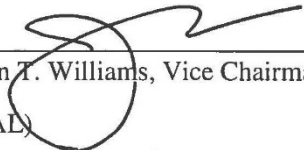
19. DEP shall submit monthly reports to the Commission and ORS of fuel costs and scheduled and unscheduled outages of generating units with a capacity of 100 megawatts (“MW”) or greater.

20. This Order shall remain in full force and effect until further Order of the Commission.

BY ORDER OF THE COMMISSION:



Comer H. Randall, Chairman


Justin T. Williams, Vice Chairman
(SEAL)

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2019-1-E
May 31, 2019

IN RE: Annual Review of Base Rates for Fuel)
 Costs of Duke Energy Progress, LLC) **STIPULATION**

This Stipulation is made by and among the South Carolina Office of Regulatory Staff (“ORS”), Nucor Steel – South Carolina (“Nucor”), and Duke Energy Progress, LLC (“DEP” or the “Company”) (collectively referred to as the “Parties” or sometimes individually as a “Party”).

WHEREAS, the above-captioned proceeding has been established by the Public Service Commission of South Carolina (“Commission”) pursuant to the procedure established in S.C. Code Ann. § 58-27-865, and the Parties to this Stipulation are parties of record in the above-captioned docket;

WHEREAS, the Parties have varying legal positions regarding the issues in this case;

WHEREAS, the Parties have engaged in discussions to determine whether a stipulation of the issues would be in their best interests;

WHEREAS, following these discussions the Parties have each determined that their interests and the public interest would be best served by stipulating all issues in the above-captioned case under the terms and conditions set forth below:

A. STIPULATION OF TESTIMONY AND WAIVER OF CROSS EXAMINATION

A.1 The Parties agree to stipulate into the record before the Commission the pre-filed direct testimony and exhibits of ORS witnesses Anthony D. Briseno, Dawn M. Hipp, and Michael L. Seaman-Huynh, without objection or cross-examination by the Company. The Parties also

agree to stipulate into the record before the Commission, without objection or cross-examination by ORS, the direct testimony and exhibits of DEP witnesses Dana M. Harrington, Kevin Y. Houston, and Kelvin Henderson (including Confidential Exhibit No. 3), Jason D. Martin, Brett Phipps, Glen A. Snider, Julie K. Turner. The Parties further agree to stipulate into the record the pre-filed supplemental direct testimony and exhibits of Dana M. Harrington without objection, change, amendment or cross-examination with the exception of changes comparable to that which would be presented via an errata sheet or through a witness noting a correction.

A.2 The Parties reserve the right to engage in re-direct of witnesses as may be necessary to respond to issues raised by the examination of their witnesses by non-signatories to this Stipulation.

A.3 The Parties agree that no other evidence will be offered in the proceeding by the Parties other than the stipulated testimony and exhibits and this Stipulation with the exception of changes comparable to that which would be presented via an errata sheet or through a witness noting a correction or clarification or by a witness adopting the testimony of another if permitted by the Commission.

B. STIPULATION TERMS

B.1 As a compromise to positions advanced by the Parties, the Parties agree to the proposal set out immediately below, and this proposal is hereby adopted, accepted, and acknowledged as the agreement of the Parties.

B.2 Without prejudice to the position of any Party in future proceedings, the Parties agree to accept all recommendations and adjustments in the testimony and exhibits of ORS witnesses.

Avoided and Incremental Costs, Net Energy Metering and Distributed Energy Resources

B.3 The Parties agree for purposes of this stipulation and without prejudice to the position of any Party in any future proceeding that the 2019 component values for the Net Energy Metering (“NEM”) Distributed Energy Resources, as shown in Table 1 in the testimony of DEP witness Snider and listed below comply with the NEM methodology approved by the Commission in Order No. 2015-194 and satisfy the requirements of S.C. Code Ann. § 58-40-10, *et seq.*

Components of NEM Distributed Energy Resource Value	Component value (\$/kWh) Residential PV¹	Component value (\$/kWh) SGS PV¹	Component value (\$/kWh) Large PV¹
Avoided Energy Cost	\$0.036187	\$0.036176	\$0.036184
Avoided Capacity Cost	\$0.013408	\$0.013407	\$0.013322
Ancillary Services	\$0.000000	\$0.000000	\$0.000000
T&D Capacity	\$0.000000	\$0.000000	\$0.000000
Avoided Criteria Pollutants ²	\$0.000024	\$0.000026	\$0.000024
Avoided CO2 Emissions Cost	\$0.000000	\$0.000000	\$0.000000
Fuel Hedge ³	\$0.000000	\$0.000000	\$0.000000
Utility Integration & Interconnection Cost	\$0.000000	\$0.000000	\$0.000000
Utility Administration Cost	\$0.000000	\$0.000000	\$0.000000
Environmental Costs	\$0.000000	\$0.000000	\$0.000000
Subtotal	\$0.049619	\$0.049609	\$0.049530
Line Losses ⁴	\$0.000712	\$0.000715	\$0.000711
Total Value of NEM Distributed Energy	\$0.05033	\$0.05032	\$0.05024

¹ “Residential PV” refers to a load shape reflecting generation installed by a residential customer. “SGS PV” refers to a load shape reflecting generation installed by a small commercial/industrial customer served under Small General Service Schedule SGS. “Large PV” refers to a load shape reflecting generation installed by a customer with higher consumption requirements and applies to all other nonresidential schedules. For the first time, the Company has separated the values for residential customers (“Residential PV”) and small commercial/industrial customers (“SGS PV”) as a result of available actual metered solar load profile data for the residential class. The Company continues to utilize third-party solar load profile data for non-residential customers.

² Avoided Criteria Pollutants reflects NOx and SOx that have been separately identified from approved marginal energy costs.

³ Pursuant to the Settlement Agreement reached in DEP’s 2016 annual fuel proceeding (Docket No. 2016-3-E), the Company has calculated the hedge value and determined that no fuel hedge exists; therefore, the value is zero

⁴ Line loss factors are 1.281% for on-peak marginal energy, 1.268% for off-peak marginal energy and 1.874% for marginal capacity per DEP’s updated 2018 line loss analysis based upon 2018 cost of service.

B.4 Distributed Energy Resource Program (“DERP”) incremental costs are required by Act 236 to be allocated and recovered based on the same method used by the utility to allocate and recover variable environmental costs and under a separate DERP component of the overall fuel factor. Therefore, ORS analyzed the actual and estimated DERP incremental costs that DEP incurred for the period of March 2018 through February 2019, the estimated costs through June 2019, and the forecasted costs for the period July 2019 through June 2020. The Parties agree with the adjustments made by the Company to the DERP incremental costs component. The Parties agree with the ending cumulative balances of DERP incremental costs for February 2019 as an under-recovered \$6,239, and June 2019 as an under-recovered \$154,634, as calculated by the Company. The Parties agree that the appropriate fixed charges per account, including gross receipts tax and regulatory fees, to recover DERP incremental costs (“DERP Charge”) for the period beginning with bills rendered from July 1, 2019 through June 30, 2020 are listed below.

DERP Charge (\$/account)		
	Annual Charge	Monthly Charge
Residential	12.00	1.00
Commercial	24.33	2.03
Industrial	1,200.00	100.00

B.5 The Parties agree that the DERP Charges as set forth above are consistent with S.C. Code Ann. §§ 58-27-865, 58-39-140 and 58-39-150 and with Commission orders.

B.6 The Parties agree that current under-collected DERP incremental costs will be treated in the same manner as other fuel and fuel-related under-collected balances are treated and any under-collection resulting from the annual cost caps mandated by Act 236 will be reallocated using each class’s contribution to peak demand. The Parties agree that in an effort to keep the Parties and DEP’s customers informed of the (over)/under-recovery balances related to DERP

incremental costs, DEP will provide to ORS and, where applicable, its customers forecasts of the expected DERP Charge to be set at its next annual fuel proceeding based upon DEP's historical (over)/under-recovery to date and DEP's forecast of DERP incremental and avoided costs. Forecasts will be provided in the same manner as forecasts of the expected fuel factor.

B.7 DERP avoided costs are required by Act 236 to be allocated and recovered based on the same method used by the utility to allocate and recover variable environmental costs and under a separate DERP component of the overall fuel factor. Therefore, ORS analyzed the DERP avoided costs that DEP reported and projected for the period of March 2018 through June 2019 and the forecasted costs for the period July 2019 through June 2020 and found them to be reasonable. The Parties agree with the adjustments made by the Company to the DERP avoided costs component. The Parties agree with the ending cumulative balances of DERP avoided costs for February 2019 as an under-recovered \$19,288, and June 2019 as an under-recovered \$19,122, as calculated by the Company.

Fuel Expenses and Power Plant Operations

B.8 The Parties agree with the adjustments made by the Company to the base fuel component. The Parties agree with the ending cumulative balances of base fuel for February 2019 as an under-recovered \$13,424,397, and June 2019 as an under-recovered \$8,404,772, as calculated by the Company.

B.9 The Parties agree with the ending cumulative balances of environmental cost for February 2019 as an under-recovered \$199,207, and June 2019 as an under-recovered \$586,199, as calculated by the Company.

B.10 ORS also analyzed DEP's calculation of the projected cumulative capacity-related cost. The Parties agree with the ending cumulative balances of capacity costs for February 2019

as an under-recovered \$574,929, and June 2019 as an under-recovered \$1,230,359, as calculated by the Company.

B.11 ORS thoroughly reviewed and investigated DEP's nuclear operations during the review period. As shown in ORS witness Seaman-Huynh's Exhibit MSH-1, DEP's nuclear fleet achieved an average system capacity factor during the review period of 89.45%. DEP achieved this capacity factor notwithstanding the fact that it experienced three (3) scheduled refueling outages, one (1) maintenance outage and four (4) forced outages during the review period. S.C. Code Ann. § 58-27-865 states that:

There shall be a rebuttable presumption that an electrical utility made every reasonable effort to minimize cost associated with the operation of its nuclear generation facility or system, as applicable, if the utility achieved a net capacity factor of ninety-two and one-half percent or higher during the period under review. The calculation of the net capacity factor shall exclude reasonable outage time associated with reasonable refueling, reasonable maintenance, reasonable repair, and reasonable equipment replacement outages; the reasonable reduced power generation experienced by nuclear units as they approach a refueling outage; the reasonable reduced power generation experienced by nuclear units associated with bringing a unit back to full power after an outage; Nuclear Regulatory Commission required testing outages unless due to the unreasonable acts of the utility; outages found by the commission not to be within the reasonable control of the utility; and acts of God. The calculation also shall exclude reasonable reduced power operations resulting from the demand for electricity being less than the full power output of the utility's nuclear generation system.

Excluding all reasonable outage time pursuant to S.C. Code Ann. §58-27-865(F), DEP's net capacity factor for the review period was 102.28% as reflected in DEP witness Henderson Exhibit 1.

B.12 The Parties further agree that, except as noted herein, any challenges to DEP's historical fuel cost recovery for the period ending February 28, 2019, are not subject to further review; however, the projected fuel costs for periods beginning March 1, 2019, and thereafter shall

be open issues in future fuel cost proceedings held under the procedure and criteria established in S.C. Code Ann. § 58-27-865.

Fuel Factors

B.13 The appropriate fuel factors for DEP to charge for the period beginning with bills rendered in July 2019 and extending through bills rendered in June 2020 are listed below. These fuel factors include the South Carolina base fuel costs, environmental costs, avoided capacity and the DERP avoided cost, but do not include gross receipt tax and regulatory fees. The Parties agree that the fuel factors will be adjusted for billing purposes to include those amounts.

Class of Service	Base Fuel Component (¢/kWh)	Environmental Component (¢/kWh)	Capacity Related Component (¢/kWh)	DERP Avoided Cost Component (¢/kWh)	Combined Total Projected Fuel Factor (¢/kWh)
Residential ⁵	2.090	0.075	0.697	0.003	2.865
General Service (non-demand)	2.075	0.057	0.522	0.003	2.657
General Service (demand)	2.075	⁶	⁷	⁸	2.075
Lighting	2.075	0.000	0.000	0.000	2.075

B.14 The Parties agree that the fuel factors set forth above are consistent with S.C. Code Ann. § 58-27-865.

Other

B.15 With regard to plant outages not complete as of February 28, 2019, and plant outages where final reports (Company, contractor, government reports or otherwise) are not

⁵ The Residential Base Fuel Factor includes the Residential Energy Conservation Discount, Rider RECD-2C, adjustment factor of 0.7268%

⁶ The Proposed General Service (demand) Environmental Component is 10 cents per kW

⁷ The Proposed General Service (demand) Capacity Related Component is 92 cents per kW.

⁸ The Proposed General Service (demand) DERP Avoided Cost Component is 0 cents per kW.

available, the Parties agree that the Parties retain the right to review the reasonableness of plant outage(s) and associated costs in the review period during which the outage is completed or when the report(s) become available.

B.16 DEP agrees that in an effort to keep the ORS and DEP's customers informed of the (over)/under recovery balances related to fuel costs and of DEP's commercially reasonable efforts to forecast the expected fuel factor to be set at its next annual fuel proceeding, DEP will provide to the ORS, and where applicable, its other customers, the following information:

- a. Copies of the monthly fuel recovery reports currently filed with the Commission and ORS⁹; and,
- b. Quarterly forecasts (during each of the three quarters in which there is no annual fuel proceeding but not in the quarter where DEP makes its annual fuel filing) of the expected fuel factor to be set at its next annual fuel proceeding based upon DEP's historical (over)/under recovery to date and DEP's forecast of prices for uranium, natural gas, coal, oil and other fuel required for generation of electricity. DEP agrees that it will put forth its best efforts to forecast the expected fuel factor to be set at its next annual proceeding. To the extent that the forecast data required hereunder is confidential, any party or customer that wants forecasted fuel data will have to sign a non-disclosure agreement to protect the data from public disclosure and to only disclose it to employees or agents with a need to be aware of this information.

B.17 In Act 236, the Legislature included a specific requirement that all capacity costs that are recovered through the fuel factor must be allocated and recovered in accordance with the

⁹ The Company agrees to break-out Schedule 4 of the monthly fuel recovery reports so that each component (base fuel, environmental, avoided capacity, and DER avoided costs) is reported separately.

method used by the utility to recover variable environmental costs and included in a separate component of the fuel factor. See S.C. Code Section 58-27-865(A)(1). ORS has reviewed DEP's methodology for determining the environmental cost component of the fuel factor and the methodology for allocation and recovery of the capacity-related cost component of the fuel factor (which includes purchased power capacity costs under the Public Utility Regulatory Policies Act of 1978 ("PURPA") and natural gas transportation and storage costs), and the Parties agree that the methodology used by DEP in this proceeding are consistent with the statutory requirements of S.C. Code Ann. § 58-27-865.

B.18 DEP agrees to continue to examine and make adjustments, as necessary, to its natural gas hedging program in light of the potentially reduced volatility in the domestic natural gas market. DEP also agrees to provide monthly natural gas hedging reports to the ORS.

B.19 Nothing contained in this Stipulation alters, amends, or changes the methodology established for determining the environmental factor for DEP's rate classes as set forth in Paragraphs 3(B) and (C) of the Stipulation filed with and approved by the Commission in Docket No. 2007-1-E.

C. REMAINING STIPULATION TERMS AND CONDITIONS

C.1 Further, ORS is charged by law with the duty to represent the public interest of South Carolina pursuant to S.C. Code Ann. § 58-4-10(B) (Supp. 2018). S.C. Code Ann. § 58-4-10(B) reads in part as follows:

. . . 'public interest' means the concerns of the using and consuming public with respect to public utility services, regardless of the class of customer and preservation of continued investment in and maintenance of utility facilities so as to provide reliable and high quality utility services.

ORS believes this Stipulation serves the public interest as defined above.

C.2 The Parties agree that this Stipulation is reasonable, is in the public interest, and is in accordance with law and regulatory policy. This Stipulation in no way constitutes a waiver or acceptance of the position of any Party concerning the requirements of S.C. Code Ann. § 58-27-865 (2015), S.C. Code Ann. § 58-40-10, *et seq* (2015), and Commission Order 2015-194 in any future proceeding.

C.3 The Parties agree to cooperate in good faith with one another in recommending to the Commission that this Stipulation be accepted and approved by the Commission as a fair, reasonable and full resolution in the above-captioned proceeding.

C.4 This written Stipulation contains the complete agreement of the Parties regarding this matter. There are no other terms or conditions to which the Parties have agreed. This Stipulation integrates all discussions among the Parties into the terms of this written document. The Parties agree that this Stipulation will not constrain, inhibit or impair their arguments or positions held in future proceedings, nor will this Stipulation or any of the matters agreed to in it be used as evidence or precedent in any future proceeding. If the Commission should decline to approve this Stipulation in its entirety, then any Party desiring to do so may withdraw from this Stipulation without penalty.

C.5 This Stipulation shall be interpreted according to South Carolina law.

C.6 Except as expressly set forth herein, this Stipulation in no way constitutes a waiver or acceptance of the position of any Party concerning the requirements of S.C. Code Ann. § 58-27-865, S.C. Code Ann. § 58-40-10, *et seq* (2015), and Commission Order No. 2015-194 in any future proceeding. This Stipulation does not establish any precedent with respect to the issues resolved herein, and in no way precludes any Party herein from advocating an alternative

methodology under S.C. Code Ann. § 58-27-865, S.C. Code Ann. § 58-40-10, *et seq* (2015), and Commission Order No. 2015-194 in any future proceeding.

C.7 This Stipulation shall bind and inure to the benefit of each of the signatories hereto and their representatives, predecessors, successors, assigns, agents, shareholders, officers, directors (in their individual and representative capacities), subsidiaries, affiliates, parent corporations, if any, joint ventures, heirs, executors, administrators, trustees, and attorneys.

C.8 The above terms and conditions fully represent the agreement of the Parties hereto. Therefore, each Party acknowledges its consent and agreement to this Stipulation by authorizing its counsel to affix his or her signature to this document where indicated below. Counsel's signature represents his or her representation that his or her client has authorized the execution of the agreement. Facsimile signatures and e-mail signatures shall be as effective as original signatures to bind any Party. This document may be signed in counterparts, with the various signature pages combined with the body of the document constituting an original and provable copy of this Stipulation.

[PARTY SIGNATURES TO FOLLOW ON SEPARATE PAGES]

Representing the South Carolina Office of Regulatory Staff

A handwritten signature in blue ink, appearing to read "Alex W Knowles", is positioned above a horizontal line.

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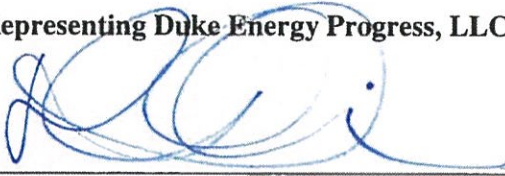
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RENEWABLE NET METERING RIDER RNM-~~78~~

AVAILABILITY

Available to residential and nonresidential Customers receiving concurrent service from Company, on a metered rate schedule, except as indicated under General Provisions. A customer-generator is a owner, operator, or lessee of an electric generation unit that generates or discharges electricity from a renewable energy resource, including an energy storage device configured to receive electrical charge solely from an onsite renewable energy resource. The renewable net energy metered (NEM) generation, which includes a solar photovoltaic; solar thermal; wind powered; hydroelectric; geothermal; tidal or wave energy; recycling resource; hydrogen fueled or combined heat and power derived from renewable resources; or biomass fueled generation source of energy, is installed on Customer's side of the delivery point, for Customer's own use, interconnected with and operated in parallel with Company's system. The generation must be located at a single premises owned, operated, leased or otherwise controlled by Customer.

Service under this Rider is closed to new participants on and after June 1, 2021. Participants served under this Rider prior to May 16, 2019, and subsequent owners of the customer-generator facility, shall remain eligible for service under this Rider until December 31, 2025, when an alternate tariff must be selected. Participants and subsequent owners of the customer-generator facility applying for service under this Rider on and after May 16, 2019 and prior to June 1, 2021 shall remain eligible for service under this Rider until May 31, 2029, when an alternate tariff must be selected. Customers requesting NEM service on and after June 1, 2021, will receive service in accordance with the NEM tariff in effect at that time.

GENERAL PROVISIONS

1. To qualify for service under this Rider, Customer must comply with all applicable interconnection standards and must provide, in writing, the Nameplate Capacity of Customer's installed renewable generation system. Any subsequent change to the Nameplate Capacity must be provided by Customer to Company in writing by no later than 60 days following the change.
2. To qualify for service under this Rider, a residential customer may be served on an approved residential rate schedule, but may not be served under Rider NM. The Nameplate Capacity of Customer's installed generation system and equipment must not exceed 20 kW AC.
3. To qualify for service under this Rider, a nonresidential customer may be served on an approved general service rate schedule, but may not be served on Schedules SGS-TES, TSS, TFS, LGS-RTP, LGS-CUR-TOU, CSG, CSE, GS, SFLS, SGS-TOU-CLR or Rider NM. The Nameplate Capacity of Customer's installed renewable generation system and equipment must not exceed 1,000 kW AC or 100% of Customer's contract demand which shall approximate Customer's maximum expected demand.
4. If Customer is not the owner of the premises receiving electric service from Company, Company shall have the right to require that the owner of the premises give satisfactory written approval of Customer's request for service under this Rider.
5. All environmental attributes, including but not limited to "renewable energy certificates" (RECs), "renewable energy credits" or "green tags", associated with the generation system shall be conveyed to Company until billing of a Distributed Energy Resource Program Rider DERP Charge is discontinued on all customer bills. Customer certifies that the environmental attributes have not and

will not be remarketed or otherwise resold for any purpose, including another distributed energy resource standard or voluntary purchase of renewable energy certificates in South Carolina or in any other state or country for the Contract Period and any successive contract periods thereto.

6. If the electricity supplied to Customer by Company exceeds the electricity delivered to the grid by the customer-generator during a monthly billing period, the customer-generator shall be billed for the net electricity in kilowatt hours (kWh) supplied by Company plus any demand or other charges under the applicable rate schedule or riders. ~~If the electricity delivered to the grid by the customer-generator exceeds the electricity in kWh supplied by the utility during a monthly billing period, the customer-generator shall be credited for the excess kWh generated during that billing period.~~
7. Electricity delivered to the grid by Customer's renewable generation that exceeds the electricity delivered by Company during a monthly billing period is defined as Excess Energy. When used in conjunction with a time of use schedule, the TOU periods shall be specified in the applicable schedule and any Excess Energy shall apply first with the Excess Energy generated On-Peak kWh offsetting On-peak usage and then offsetting Off-peak usage. Any excess Off-Peak kWh shall only apply against Off-peak kWh usage. Any Excess Energy not used in the current month to offset usage shall carry forward to the next billing month.
8. Excess Energy shall be used to reduce electricity delivered and billed by Company during the current or a future month, except that for the March billing period any carry-over shall be compensated as described in the RATE paragraph below. In the event Company determines that it is necessary to increase the capacity of facilities beyond those required to serve Customer's electrical requirement or to install a dedicated transformer or other equipment to protect the safety and adequacy of electric service provided to other customers, Customer shall pay the estimated cost of the required transformer or other equipment above the estimated cost which Company would otherwise have normally incurred to serve Customer's electrical requirement, in advance of receiving service under this Rider.
9. The rates set forth herein are subject to Commission Order No. 2015-194, issued in Docket No. 2014-246-E pursuant to the terms of S.C. Code § 58-40-20(F)(4). Eligibility for this rate will terminate as set forth in that Order, and otherwise as specified above. The value of NEM generation eligible for this Rider shall be computed using the methodology contained in Commission Order No. 2015-194, in Docket No. 2014-246-E, and shall be updated annually by Company. The value of NEM generation for 201~~9~~⁸ is \$0.~~05033-05033~~ per kWh for Schedules RES ~~and~~, R-TOUD, \$0.05032 for Schedule~~and~~ SGS and \$0.~~05025-05024~~ for all other schedules.

RATE

All provisions of the applicable schedule and other applicable riders will apply to service supplied under this Rider, except as modified herein. For any bill month during which the Energy Charges are a net credit, the respective Energy Charges for the month shall be zero. Credits shall not offset the Basic Facilities Charge or the Demand Charge (if applicable). In addition to all charges in the applicable rate schedule for Customer's net electrical usage, the following credit may be applicable annually:

Annual Credit for Excess Generation –

If Customer has Excess Energy after offsetting usage as of the date of the March billing, Company shall pay Customer for the amount of the accumulated Excess Energy times a rate of \$0.04290 per kWh, after which the amount of Excess Energy shall be set to zero.

MINIMUM BILL

The monthly minimum bill for customers receiving service under this Rider shall be no less than Basic Facilities Charge from the applicable rate schedule and riders plus, if applicable, any of the following Charges: the Demand Charge, the Off-peak Excess Demand Charge, and the Extra Facilities Charge.

METERING REQUIREMENTS

Company will furnish, install, own and maintain a billing meter to measure the kilowatt demand delivered by Company to Customer, and to measure the net kWh purchased by Customer or delivered to Company. For renewable generation capacity of 20 kW AC or less, the billing meter will be a single, bi-directional meter which records independently the net flow of electricity in each direction through the meter, unless Customer's overall electrical requirement merits a different meter. For larger renewable generation capacities, Company may elect to require two meters with 15-minute interval capabilities to separately record Customer's electrical consumption and the total generator output, which will be electronically netted for billing. Customer grants Company the right to install, operate, and monitor special equipment to measure Customer's generating system output, or any part thereof, and to obtain any other data necessary to determine the operating characteristics and effects of the installation. All metering shall be at a location that is readily accessible by Company.

SAFETY, INTERCONNECTION AND INSPECTION REQUIREMENTS

This Rider is only applicable for installed renewable generation systems and equipment that complies with and meets all safety, performance, interconnection, and reliability standards established by the Commission, the National Electric Code, the National Electrical Safety Code, the Institute of Electrical and Electronic Engineers, Underwriter's Laboratories, the Federal Energy Regulatory Commission and any local governing authorities. Customer must comply with all liability insurance requirements of the Interconnection Standard.

POWER FACTOR

Customer's renewable generation must be operated to maintain a 100% power factor, unless otherwise specified by Company. When the average monthly power factor of the power supplied by Customer to Company is other than 100%, the Low Power Factor Adjustment stated in Company's Service Regulations may be applicable. Company reserves the right to install facilities necessary for the measurement of power factor. Company will not install such equipment, nor charge a Low Power Factor Adjustment if the renewable generation system is less than 20 kW AC and uses an inverter.

CONTRACT PERIOD

Customer shall enter into a contract for service under this Rider for a minimum original term of one (1) year, and shall automatically renew thereafter, except that either party may terminate the contract after one year by giving at least sixty (60) days prior notice of such termination in writing.

Company reserves the right to terminate Customer's contract under this Rider at any time upon written notice to Customer in the event that Customer violates any of the terms or conditions of this Rider, or operates the renewable generation system and equipment in a manner which is detrimental to Company or any of its customers. In the event of early termination of a contract under this Rider, Customer will be required to pay Company for the costs due to such early termination, in accordance with Company's South Carolina Service Regulations.